

Message Text

LIMITED OFFICIAL USE

PAGE 01 STATE 093198

15

ORIGIN COME-00

INFO OCT-01 EUR-12 IO-13 ISO-00 STR-04 FEA-01 AGR-05

CEA-01 CIAE-00 DODE-00 EB-07 FRB-03 H-02 INR-07

INT-05 L-03 LAB-04 NSAE-00 NSC-05 PA-01 AID-05

CIEP-01 SS-15 ITC-01 TRSE-00 USIA-06 PRS-01 SP-02

OMB-01 /106 R

DRAFTED BY COMMERCE:KKUWABARA:JT 4/16/76

APPROVED BY STR:MPOMERANZ

RSCHULMAN:LABOR

MNAYOR:STATE

RBOOTON:DOD

MFELDMAN:TREASURY(SUB)

----- 119516

P R 162258Z APR 76

FM SECSTATE WASHDC

TO USDEL MTN GENEVA

INFO USMISSION EC BRUSSELS

USMISSION OECD PARIS

LIMITED OFFICIAL USE STATE 093198

E.O. 11652: N/A

TAGS:ETRD, MTN, EC.

SUBJECT:US-EC BILATERAL ON GOVERNMENT PURCHASING

1. FOLLOWING IS SIXTH OF A SERIES OF PAPERS ON OUTSTANDING
ISSUES IN PROCUREMENT CODE NEGOTIATIONS. THESE PAPERS ARE
BACK-UP TO DRAFT POSITION PAPER SENT SEPTTEL FOR YOUR
COMMENTS.

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 STATE 093198

DATA

2. U.S. POSITION

WE HAVE LONG PRESSED THE EC AND OTHERS TO PROVIDE DATA ON THEIR PROCUREMENT OF GOODS IN THE DEGREE OF DETAIL THAT WOULD PERMIT US TO MAKE OUR OWN JUDGMENT AS TO THE ACTUAL MARKET POTENTIAL FOR PARTICULAR GOODS UNDER THE PROPOSED CODE. IN ADDITION TO THE NEED FOR SUCH DATA FOR NEGOTIATING PURPOSES, THE DATA, IF PROVIDED IN SUCH DETAIL OVER A PERIOD OF YEARS, WOULD PROVIDE A BASIS--POSSIBLY THE ONLY BASIS--FOR RESOLVING DISPUTES INVOLVING THE CHARGE OF A PATTERN OF DISCRIMINATION AGAINST FOREIGN SUPPLIERS.

A. THE FEDERAL PROCUREMENT MARKET WE ARE OFFERING TOTALS ABOUT \$7 BILLION ANNUALLY, CONSISTING OF CIVILIAN

AGENCY PURCHASES OF \$3.5 BILLION AND AN ADDITIONAL \$3.5 BILLION PURCHASES BY DOD OF GOODS NOT COVERED BY THE

NATIONAL SECURITY EXCEPTION. WITHOUT MAKING A PRE-JUDGEMENT OF WHAT DOD PURCHASES WOULD BE COVERED BY THE CODE, THE U.S. PROVIDED A FULL LISTING OF DOD PURCHASES OVER A SEVERAL YEAR PERIOD SO THAT THE EC AND OTHERS COULD MAKE THEIR OWN JUDGMENT ON THE SIZE OF THIS MARKET.

B. THE U.S. HAS AGREED TO A "BEST ENDEAVORS" EFFORT ON THE APPLICATION OF THE CODE TO PURCHASES BY STATE AND LOCAL ENTITIES. THE EXECUTIVE BRANCH HAS INTERVENED DIRECTLY WITH STATE OFFICIALS IN THE PAST TO DISCOURAGE PASSAGE OF MEASURES DISCRIMINATING AGAINST FOREIGN SUPPLIES.

3. EC POSITION

EC COUNTRIES GENERALLY HAVE DISPLAYED A MARKED RELUCTANCE TO PROVIDE DATA ON CONTRACT AWARDS. UNDER U.S. PRODDING, SOME OF THESE COUNTRIES SUPPLIED ADDITIONAL INFORMATION SUPPLEMENTING THEIR ORIGINAL DATA SUBMISSION TO THE OECD BUT THE DEFICIENCIES IN DETAILS REMAIN.

A. THE EC HAS RECENTLY PUT OUT A CLAIM THAT \$10 LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 STATE 093198

BILLION REPRESENTS THE SIZE OF THE EC GOVERNMENT PROCUREMENT MARKET, ADDING THAT THE FIGURE WOULD BE EVEN HIGHER WHEN PURCHASES OF COMMERCIAL GOODS BY ITS DEFENSE ESTABLISHMENTS ARE INCLUDED. NO EXPLANATION HAS BEEN GIVEN ON THE DERIVATION OF THE FIGURE ON ITS BREAKDOWN AMONG THE NINE.

B. THE EC HAS FREQUENTLY DIRECTED ITS FIRE AGAINST

THE PROPOSED EXCLUSION FROM THE CODE COVERAGE OF STATE
PURCHASES IN THE U.S.

4. POSSIBLE SOLUTION

WE SHOULD TRY TO REACH AGREEMENT ON THE NEED FOR FULL
DETAILS ON CONTRACT AWARDS FOR NEGOTIATING PURPOSES--
WHAT PURCHASING ENTITY IS BUYING WHAT SPECIFIC PRODUCT
AND IN WHAT AMOUNT--AND FOR SURVEILLANCE OF THE INSTRU--
MENT AFTER ITS ADOPTION-- TO ILLUMINATE THE PARTICULAR
HISTORICAL FACTS ON PURCHASES OF PARTICULAR PRODUCTS. AS
A RULE OF THUMB, THE U.S. HAS PROPOSED THAT THE DATA
COLLECTION COVER ALL PURCHASING ENTITIES OF THE CENTRAL
GOVERNMENT AND SUCH ENTITIES UNDER DIRECT GOVERNMENT
CONTROL, INCLUDING BOTH CIVILIAN AND MILITARY PURCHASES.
DATA SUPPLIED ON THIS BASIS WOULD REVEAL THE PROCUREMENT
UNIVERSE EVEN THOUGH SOME ENTITIES MAY LATER BE EXCLUDED
FROM THE CODE COVERAGE AND PRODUCTS SUBJECT TO THE
NATIONAL SECURITY EXCEPTION ARE ALSO EXCLUDED. ROBINSON

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: GOVERNMENT PROCUREMENT, POLICIES, LESS DEVELOPED COUNTRIES, AGREEMENT DRAFT, RELATIONS WITH REGIONAL ORGS, NEGOTIATIONS, RESOLUTIONS
Control Number: n/a
Copy: SINGLE
Draft Date: 16 APR 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: saccheem
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976STATE093198
Document Source: CORE
Document Unique ID: 00
Drafter: KKWABARA:JT 4/16/76
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D760146-0423
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760451/aaaabroy.tel
Line Count: 134
Locator: TEXT ON-LINE, ON MICROFILM
Office: ORIGIN COME
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: saccheem
Review Comment: n/a
Review Content Flags:
Review Date: 05 APR 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <05 APR 2004 by ShawDG>; APPROVED <17 AUG 2004 by saccheem>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: S-EC BILATERAL ON GOVERNMENT PURCHASING
TAGS: ETRD, US, MTN, EEC
To: MTN GENEVA
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006